

 **Illinois Department of Revenue**
Schedule K-1-T(2) Beneficiary's Instructions

General Information

What is the purpose of Schedule K-1-T?

The trust or estate listed on the front of Schedule K-1-T has completed and provided you with the schedule that reflects your share of the trust's or estate's income and modifications. Use this completed schedule and these instructions to help you report the items shown on Schedule K-1-T on your Illinois Income Tax return. **You must attach a copy of Schedule K-1-T to the tax return you are filing. You should also keep a copy in your tax records.**

What if I believe the trust or estate has made an error on my Schedule K-1-T?

If you believe the trust or estate has made an error on your Schedule K-1-T, notify the trust or estate and ask for a corrected Schedule K-1-T. Do not change any items on your copy.

What does Column A represent?

Column A represents your specific share of the trust's or the estate's income and modifications. The trust or estate is required to complete this column if any part of the trust's or estate's income was paid, credited, or distributed, or deemed to have been paid, credited, or distributed by the trust or estate to you. If you were a resident of Illinois on the last day of the trust's or estate's taxable year, only Column A should have been completed and all amounts in Column A must be included as income and modifications allocated to Illinois. If you were not a resident of Illinois on the last day of the trust's or estate's taxable year, Column B will also be completed. See "What does Column B represent?"

What does Column B represent?

Column B represents the portion of Column A that is allocated or apportioned to Illinois. The trust or estate is required to complete this column if you were not a resident of Illinois on the last day of the trust's or estate's tax year. Make sure the amounts reported in Column B are included in the amounts reported on your

- Form IL-1040, Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, Column B;
- Form IL-1041, Schedule NR, Nonresident Computation of Fiduciary Income, Column B;
- Form IL-1120, Step 4, Figure your income allocable to Illinois; or
- Form IL-1065 or Form IL-1120-ST, Step 6, Figure your income allocable to Illinois.

Step-by-Step Instructions

These instructions are intended to help you report your share of the trust's or estate's income and modifications on your Illinois income tax return.

Steps 3 and 4 - Your share of nonbusiness and business income —

Column A - Beneficiary's share —

Lines 9 through 29 - Make sure the amounts reported on these lines match your federal Schedule K-1.

Column B - Nonresident beneficiary's share —

Step 3 represents your share of the trust's or estate's nonbusiness income allocated to Illinois. Step 4 represents your share of the trust's or estate's business income apportioned to Illinois. To determine the amount to include on specific lines of your Form IL-1065, IL-1120, IL-1120-ST, or Form IL-1040 or IL-1041, Schedule NR, follow the instructions below.

► *For individuals filing Form IL-1040, Schedule NR —*

Note Use the following instructions in order to include the income reported in Steps 3 and 4 of Schedule K-1-T, on your Form IL-1040, Schedule NR, Step 3, Lines 5 through 19.

Interest income - Nonbusiness interest is not taxed by Illinois. Step 3, Column B, Line 9, should be "0." Include the amount from Step 4, Column B, Line 19, on your Schedule NR, Step 3, Column B, Line 6.

Dividend income - Nonbusiness dividends are not taxed by Illinois. Step 3, Column B, Line 10, should be "0." Include the amount from Step 4, Column B, Line 20 on your Schedule NR, Step 3, Column B, Line 7.

Rents, royalties, partnerships, S corporations, trusts, and estates - Add Step 3, Column B,

| | |
|-------------------|-------|
| Line 11 | _____ |
| Line 12 | _____ |
| Line 13 | _____ |
| Line 14 | _____ |
| and | |
| Step 4, Column B, | |
| Line 25 | _____ |
| Line 28 | _____ |
| Total | _____ |

Include this total amount on your Schedule NR, Step 4, Column B, Line 15.

Capital gain or loss - Add Step 3, Column B, Lines 15, 16, and 17, and Step 4, Column B, Lines 21 and 22. Include this total amount on your Schedule NR, Step 3, Column B, Line 11.

Other income - The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A. The amounts reported in Column B need to be reported on the corresponding lines of your Schedule NR, Column B.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

Interest income - Nonbusiness interest is not taxed by Illinois. Step 3, Column B, Line 9, should be "0." Include the amount of business interest from Step 4, Column B, Line 19, that was not distributed or deemed distributed to a beneficiary on your Schedule NR, Step 3, Column C, Line 1.

Dividend income - Nonbusiness dividends are not taxed by Illinois. Step 3, Line 10, Column B, should be "0." Include the amount of business dividends from Step 4, Column B, Line 20, that was not distributed or deemed distributed to a beneficiary on your Schedule NR, Step 3, Column C, Line 2.

Income or loss from trusts and estates -

Add Step 3, Column B,

| | |
|-----------------------|-------|
| Line 11 | _____ |
| Line 12 | _____ |
| Line 13 | _____ |
| Line 14 | _____ |
| and Step 4, Column B, | |
| Line 25 | _____ |
| Line 28 | _____ |
| Total | _____ |

Include this total amount, to the extent it was not distributed or deemed distributed to a beneficiary on your Schedule NR, Step 3, Column C, Line 7.

Nonbusiness gain or loss - Add Step 3, Column B, Lines 15, 16, and 17. Include this total amount to the extent it was not distributed or deemed distributed to a beneficiary on your Schedule NR, Step 3, Column C, Line 4.

Business gain or loss - Add Step 4, Lines 21 and 22, Column B. Include this total amount to the extent it was not distributed or deemed distributed to a beneficiary on your Schedule NR, Step 3, Column C, Line 10.

Other income - The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A. The amounts reported in Column B need to be reported on the corresponding lines of your Schedule NR, Step 3, Column C to the extent they were not distributed or deemed distributed to a beneficiary.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST —*

Include the amounts in Step 3, Column B, in the total amount you report on your

- Form IL-1065, Step 6, Line 44,
- Form IL-1120-ST, Step 6, Line 44, or
- Form IL-1120, Step 4, Line 32.

Include the amounts in Step 4, Column B, in the total amount you report on your

- Form IL-1065, Step 6, Line 45,
- Form IL-1120-ST, Step 6, Line 45, or
- Form IL-1120, Step 4, Line 33.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member's share of additions —

Lines 30 through 35 - The amounts on these lines are reported in your Illinois base income by including them on your

- Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Line 2 (see Form IL-1040 instructions);
- Form IL-1041, Step 2, Line 9;
- Form IL-1065, Step 4, Line 19;
- Form IL-1120, Step 2, Line 7; or
- Form IL-1120-ST, Step 4, Line 19.

Column A - Member's share of subtractions —

► *For individuals filing Form IL-1040 and trusts or estates filing Form IL-1041 —* Add Step 5, Column A,

| | |
|--------------|-------|
| Line 36a | _____ |
| Line 36b | _____ |
| Line 37 | _____ |
| Line 38 | _____ |
| Line 41 | _____ |
| Line 42 | _____ |
| Line 43 | _____ |
| Line 44 | _____ |
| Line 45 | _____ |
| Line 46 | _____ |
| Total | _____ |

Write the total on Form

- IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Line 13 (see Form IL-1040 Instructions), or
- IL-1041, Step 3, Line 22.

Lines 39 - Include the amount from Line 39 on your

- Form IL-1040, Schedule 1299-C, Income Tax Subtractions and Credits for Individuals, Step 2, Line 2, or
- Schedule 1299-B, Step 1, Line 2.

Lines 40 - Include the amount from Line 40 on your

- Form IL-1040, Schedule 1299-C, Step 2, Line 5, or
- Schedule 1299-B, Step 1, Line 5.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST —*

Lines 36a, 36b, and 41 through 46 - The amounts on these lines are reported in your Illinois base income by including the total of these lines on your

- Form IL-1065, Step 5, Line 32,
- Form IL-1120, Step 3, Line 20, or
- Form IL-1120-ST, Step 5, Line 32.

Lines 39 - Include the amount from Line 39 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Tax Subtractions and Credits, Step 1, Line 2, or
- Form IL-1120, Schedule 1299-B, Step 2, Line 10.

Lines 40 - Include the amount from Line 40 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Step 1, Line 5, or
- Form IL-1120, Schedule 1299-B, Step 2, Line 13.

Column B - Nonresident beneficiary's share —

► *For individuals filing Form IL-1040, Schedule NR —*

Note Use the following instructions in order to include the Illinois additions and subtractions reported in Step 5 of Schedule K-1-T, on your Form IL-1040, Schedule NR.

Lines 30 through 35 - Add Lines 30 through 35. Include the total amount on Schedule NR, Step 4, Column B, Line 40.

Lines 36a through 46 - Add Lines 36a through Line 46. Include the total amount on Schedule NR, Step 4, Column B, Line 44.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

Lines 30 through 35 - Add Column B, Lines 30 through 35. Include this total amount as an addition on your Schedule NR, Step 4, Column B, Line 35 to the extent it was not distributed or deemed distributed to a beneficiary.

Lines 36a through Line 38 and Line 42 through 46 - Add Column B, Lines 36a through 38 and 42 through 46. Include this total amount on your Schedule NR, Step 4, Column B, Line 47 to the extent it was not distributed or deemed distributed to a beneficiary.

Lines 39 - Include the amount from Line 39 on your Schedule NR, Column B, Line 42.

Lines 40 - Include the amount from Line 40 on your Schedule NR, Column B, Line 43.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST —*

Lines 30 through 46 - Add any nonbusiness amounts from Column B, Lines 30 through 46. Include this total amount as an addition on your

- Form IL-1065, Step 6, Line 44,
- Form IL-1120-ST, Step 6, Line 44, or
- Form IL-1120, Step 4, Line 32.

Add any business amounts from Lines 30 through 46, Column B. Include this total amount from the amount on your

- Form IL-1065, Step 6, Line 45,
- Form IL-1120-ST, Step 6, Line 45, or
- Form IL-1120, Step 4, Line 33.



Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

Column A - Beneficiary's share —

► *For individuals filing Form IL-1040, Schedule F —*

Line 47 - Include this amount on your Schedule F, Step 3, Column H, Line 6.

Line 48 - Include this amount on your Schedule F, Step 3, Column I, Line 6.

Line 49 - Include this amount on your Schedule F, Step 2, Line 2.

► *For trusts or estates filing Form IL-1041, Schedule F —*

Line 47 - Include this amount on your Schedule F, Column K, Line 2.

Line 48 - Include this amount on your Schedule F, Column L, Line 2.

Line 49 - Include this amount on your Schedule F, Column M, Line 2.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F —*

Use the information in Column A when completing Step 6 of the Schedule K-1-P for your partners or shareholders.

Column B - Nonresident beneficiary's share —

► *For individuals filing Form IL-1040, Schedule NR —*

Lines 47 through 49 - Add Column B, Lines 47 through 49. Include this total amount as a subtraction on your Schedule NR, Step 4, Column B, Line 44.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

Lines 47 through 49 - Add Column B, Lines 47 through 49. Include this total amount as a subtraction on your Schedule NR, Step 4, Column B, Line 49.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F —*

Line 47 - Include this amount on your Schedule F, Column K, Line 2.

Line 48 - Include this amount on your Schedule F, Column L, Line 2.

Line 49 - Include this amount on your Schedule F, Column M, Line 2.

Step 7 - Figure your beneficiary's share of pass-through entity payments

Line 50 - Pass-through entity payments — If the trust or estate made income tax payments on your behalf, write the amount from Line 50 on your

- Form IL-1040, Step 8, Line 26,
- Form IL-1041, Step 7, Line 50d,
- Form IL-1065, Step 9, Line 59c,
- Form IL-1120-ST, Step 9, Line 57c, or
- Form IL-1120, Step 8, Line 55d.

